social sector projects and for providing capital resources to profitable and revivable Public Sector Enterprises that yield adequate returns, in order to enlarge their capital base to finance expansion/diversification.

(e) The policy, with respect to the Public Sector, as outlined in the National Common Minimum Programme, is that the existing 'Navratna' companies will be retained in the Public Sector. Government is committed to devolve full managerial and commercial autonomy to successful, profit making PSEs, operating in a competitive environment, which will generally not be privatised, though these PSEs may approach the capital markets for raising resources and Government may sell minority shareholding in these companies, retaining at least 51% shareholding, so as not to alter their public sector character.

Tie-up of GIC subsidiaries with private companies

2222. SHRIMATI BIMBA RAIKAR: Will the Minister of FINANCE be pleased to state:

(a) whether many GIC subsidiaries like National Insurance Company and New India Assurance have tied up with private players in life insurance field like Birla Sunlife and APM Sanmar, respectively to sell composite products;

(b) whether such tie-ups between life and general insurance companies are in violation of IRDA regulations; and

(c) whether the IRDA has permitted banking personnel to sell insurance and hybrid products like deposits with built-in life cover?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) National Insurance Co. Ltd. (NIC) had signed an MoU with Birla Sunlife for selling bundled products to be issued by the two companies separately subject to clearance from IRDA and New India Assurance Co. Ltd. (NIA) had tied up with APM Sanmar for providing the mandatory training to each other's agents on a voluntary basis to enable them obtain composite agency license. IRDA has informed that cross selling agreements are violative of section 2(7A) of Insurance Act, 1938, which allows an insurance company in India to carry out either life insuarance or general insurance or reinsurance business and the Act

does not allow any role for composite insurers. Accordingly, IRDA advised both NIC and NIA to opt out of cross selling arrangements forthwith and not to enter any such arrangement.

(c) IRDA has informed that insurers can appoint Corporate Agents in accordance with Section 42 of Insurance Act, 1938 and Regulations made thereunder for procuring insurance business. Since some of the banks have become Corporate Agents, they are permitted to solicit and procure business for the respective insurers.

Profit earned from investment in stocks

2223. SHRI MURLI DEORA: Will the Minister of FINANCE be pleased to state:

(a) whether Government have directed non-Government provident funds to directly invest in stocks where debt instruments floated by the company have an investment grade from at least two credit-rating agencies;

(b) if so, the details thereof;

(c) who will keep the profits earned from shares and how the fund would be kept intact in case of loss; and

(d) whether his Ministry have cleared the proposal and how the interest of the labour would be safeguarded?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) The pattern of investment has been revised with a view to providing wider avenues for investment by Non-government Provident Funds, Superannuation Funds and Gratuity Funds. As per the revised pattern, which is effective from 1-4-2005, an amount upto 5% of the total portfolio has been allowed to be invested in shares of those companies that have an investment grade debt rating from two credit rating agencies. The investment pattern has been devised in such a manner that the maximum emphasis is on providing secured returns to the provident funds, superannuation funds and gratuity funds. Investment choices are left to the judgement of the trustees based on their assessment of risk and return.